

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 1169 - HB 922**

February 27, 2013

**SUMMARY OF BILL:** Authorizes a refund of state and local sales tax on the retail sale of certain items of tangible personal property, when sold to a natural person certified as a disaster victim by the county emergency management agency as a result of a natural disaster that occurred in Tennessee between August 4, 2012, and August 6, 2012. Eligible items include certain major appliances and residential furniture (with a sales price of no more than \$3,200 per item), and certain residential building supplies (with a sales price of no more than \$500 per item). Limits the maximum amount of refund per residence to \$2,500. Requires claimants to file claims for refund with the Department of Revenue (DOR) by December 31, 2013, and to certify that purchases for which the refund is claimed were to replace, repair or restore property damaged in the natural disaster. Requires any refund payment to be made by DOR directly to the eligible claimant. Requires claimants to keep and preserve suitable records of the purchases for which a refund is claimed for a period of three years from December 31, 2013. Authorizes the Commissioner of DOR to conduct audits of applicants, require additional information to substantiate refund claims, and assess civil penalties not to exceed \$25,000 against any person who knowingly files a false or fraudulent application. Requires all refund payments to be made from the General Fund.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$145,000/One-Time**

Assumptions:

- According to DOR, on August 5, 2012, Washington, Unicoi, Carter, and Johnson Counties sustained flooding and a state of emergency was declared by the State Emergency Operations Center.
- According to The Johnson City Press (<http://www.johnsoncitypress.com/News/article.php?id=101977>), 54 homes were destroyed and more than 100 additional homes were damaged in Washington County as a result of the natural disaster. It is assumed that the number of destroyed or damaged homes in Unicoi, Carter, and Johnson Counties is equal to one-half of the number of homes affected in Washington County.
- The total number of residences eligible for a refund is estimated to be 231  $[(54 + 100) \times 150.0\%]$ .

- Fifty percent of eligible claimants, or 116 ( $231 \times 50.0\%$ ), will submit a refund claim and be approved for a refund.
- The average approved refund claim is estimated to be \$1,250.
- The one-time increase in state expenditures is estimated to be \$145,000 ( $116 \times \$1,250$ ).

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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